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NATIONAL INTELLIGENCE DAILY CABLE

Saturday June 4, 1977

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Saturday, June 4, 1977.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

25X1

TUNISIA-LIBYA: Shelf Dispute Page 1

ANGOLA: FIEC Threats in Cabinda Page 3

USSR-EGYPT: Moscow Meeting Page 5

ISRAEL: Coalition Problems Page 6

25X1

WEST GERMANY: Economic Measures Page 9

PORTUGAL-AZORES: Violence Page 10

USSR-NORWAY: Fishing Dispute Page 11

USSR-JAPAN: Fishing Dispute Page 12

ROMANIA: Ideological Program Page 13

25X1

25X1

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TUNISIA-LIBYA: Shelf Dispute

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//The Tunisian-Libyan dispute over the continental shelf in the Gulf of Gabes has intensified sharply since the arrival in the contested zone last week of a US-owned oil drilling ship under contract to the Libyan national oil

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1
Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

25X1

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company. The Tunisians are unlikely to resort to force before all other means are exhausted, but they seem determined not to allow unilateral Libyan exploitation of resources in the area.

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[] The Tunisians' tough posturing is aimed in part at putting pressure on the US to intercede more strongly with the US company. In a conversation with the US ambassador on Wednesday, Tunisian President Bourguiba stressed that if actual drilling operations begin in defiance of his government's demands that the ship withdraw, the Tunisians will forcibly halt the drilling. In an effort to show he was not bluffing, Bourguiba compared the present situation to the Bizerte incident of 1961, the one example since independence when he rejected compromise and sent hundreds of poorly armed Tunisians to their deaths in a march against a heavily armed French garrison.

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[] //Libya has thus far handled the dispute with Tunisia by coupling public appeals for a diplomatic solution with behind-the-scenes sabre-rattling. In a speech delivered Thursday, Qadhafi promised that Libya would never use force against an Arab neighbor and appealed to Tunisia to settle the matter through bilateral negotiation or, better still, by simply merging with Libya.//

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[] //Earlier, the Libyan Foreign Ministry had lectured Arab and Western diplomats on the unreasonable way Tunisia was handling the dispute, and implied that Libya would use force or perhaps call for "outside" help if the Tunisians interfered with the drilling ship.//

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[] //As long as the ship remains in place, the Libyans--who feel they have the upper hand--will probably continue to seek negotiations and to avoid an open break with their neighbors. Should the ship withdraw, however, the Libyans would almost certainly accuse the US of conspiring with the Tunisians against them and might at that point take some form of retaliation against Tunisia.//

25X1

25X1

2
Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

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[REDACTED] //Although we judge that if an incident occurs it will be limited in scope, the military balance between the two countries is in Libya's favor. In terms of combat aircraft, Tunisia has about 11 obsolescent F-86 jet aircraft; Libya has about 85 Mirage-5s, 50 assembled MIG-23s, and 12 TU-22 bombers, although they suffer from a pilot shortage.//

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[REDACTED] //The navies are equally matched at around 20 combat ships each; these are mostly patrol boats--few of which are armed with missiles--best suited to coastal defense. Libya also has a Soviet-built F-class submarine, which it used to escort the US drilling rig to its present location. The submarine subsequently returned to port, probably to avoid involving the Soviet advisers aboard in the dispute.//

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[REDACTED] //Libya also holds the edge in the number of ground-force troops and land armaments. It has nearly 1,900 Soviet-built tanks and more than 1,100 armored personnel carriers, most of which are in storage. Those operationally assigned, however, far outnumber the 70 light tanks and 40 armored cars in Tunisian units.//

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[REDACTED] //Libya currently is engaged in a dispute with Egypt, and some of its ground forces and aircraft, including all the assembled MIG-23s, are in eastern Libya. Nevertheless, Libya still has enough aircraft in the west to give it overwhelming superiority. Compounding Tunisian problems is Tunis' limited air defense capabilities. Libya on the other hand, has SA-2, SA-3, SA-6, and Crotale surface-to-air missile batteries as well as conventional antiaircraft units. [REDACTED]

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ANGOLA: FIEC Threats in Cabinda

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[REDACTED] //Spokesmen for the guerrillas seeking independence for the Angolan exclave of Cabinda have once again threatened to attack Gulf Oil Corporation installations there. The insurgents have stepped up their guerrilla campaign in re-

25X1

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25X1

Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

cent months, which has undermined the morale of Cuban and Angolan troops. Recently reinforced government forces, however, appear to have slowed the insurgents' progress.//

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[] //The insurgents have said they will destroy Gulf facilities in Cabinda with ground-to-ground missiles "either tomorrow, or in one, two, or three months" if Gulf does not evacuate its personnel from Cabinda and halt all operations there immediately.//

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[] //Although the liberation front has issued three such ultimatums in the past month, there is no evidence that any direct action is about to be taken against Gulf. A front representative in fact told US embassy officials in Zaire last month that the threats against Gulf were only a bluff, indicating that their real intent was to elicit US and Gulf assistance for the liberation struggle.//

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[] //The Gulf installation is protected by Cuban troops. While most production platforms are located off shore, some onshore processing facilities are extremely vulnerable to attack. Two small guerrilla teams armed with recoilless rifles reportedly damaged Angolan fuel storage facilities north of the Gulf compound in Cabinda in January.//

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[] //On May 1, the liberation front announced the establishment of a provisional government in the interior of

25X1

4
Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

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Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

Cabinda. The front probably enjoys the support of most of the local population, and it claims that it controls over three fourths of the countryside. In light of the government's apparent rescue of Dingo, such claims appear to be exaggerated. Much of the enclave is probably contested by both sides rather than controlled by one or the other. The dense vegetation and climate of Cabinda hinder large-scale military operations.//

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[redacted] additional Angolan security forces were sent to Cabinda to protect the oil facilities following the unsuccessful attempt to overthrow the Neto government on May 27. [redacted]

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[redacted] 1,000 to 1,200 Cubans were airlifted from Cabinda to Angola following the coup attempt.//

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[redacted] Cuban losses in Cabinda have averaged six or seven a week over the past few months. Cuban patrols outside of Cabinda City, where the Gulf Oil installations are located, have been curtailed because of the increasing number of casualties. [redacted]

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USSR-EGYPT: Moscow Meeting

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[redacted] //According to a high-level official of the Soviet Foreign Ministry, the meeting between Foreign Minister

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Gromyko and Egyptian Foreign Minister Fahmi scheduled for June 9 and 10 will take place in Moscow. It was supposed to take place in Western Europe, and the Egyptians have apparently made a small concession with their willingness to come to the USSR. Gromyko's insistence on remaining in Moscow at this time, only several days before the meeting of the Supreme Soviet, suggests that the Soviet foreign minister--a member of the Politburo--is involved in the internal politicking presumably taking place to pick a successor to President Podgorny.//

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[] Only two days after Podgorny lost his seat on the Politburo, the Soviets suddenly asked the Egyptians to hold the Gromyko-Fahmi meeting in Moscow. President Sadat claimed that he had Moscow's commitment to hold the talks in Paris or Geneva; the first round of the Gromyko-Fahmi talks was held in Bulgaria in November.

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[] //The initial Egyptian reaction to the Soviet proposal was negative, but Cairo reversed itself after a series of conferences between Fahmi and Soviet Ambassador Polyakov. Fahmi apparently agreed to go to Moscow in return for a Soviet commitment to hold the next round of talks in Cairo.//

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[] //This is the second example of Gromyko's apparent preoccupation with internal events. In addition to changing the site of the talks with Fahmi, the Soviet Foreign Ministry rejected the Canadian ambassador's request for an appointment with Gromyko. The ambassador was told that Gromyko would remain unavailable for some time, even to the Foreign Ministry itself.//

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[] There is every indication that Podgorny will lose his post as president of the USSR at the Supreme Soviet meeting scheduled for June 16, and Gromyko is presumably involved in the selection of a successor. []

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ISRAEL: Coalition Problems

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[] *Israel's Democratic Movement for Change is split over the issue of entering a government dominated by the Likud Party, despite the movement's agreement to resume coalition*

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talks. The movement reportedly has settled on a strategy of drawing out the negotiations until after the Labor Federation election later this month, hoping that a Likud setback in the election and a strong showing of its own will strengthen its bargaining position.

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[] Some Democratic Movement leaders argue that the party can fulfill its pre-election commitment to domestic reform and can moderate Likud's hardline stance on peace negotiations only by participating in the government. []

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[] Those in favor of joining the coalition also point out that the movement would be able to claim credit for whatever reform legislation the government enacted. Control of government ministries, moreover, would enable the movement to dispense patronage benefits and strengthen its grass-roots support.

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[] Others insist that the group's differences with Likud, especially over Middle East peace negotiations, are irreconcilable. They thus believe the movement should join with Labor and other opposition parties to work for the fall of a rightwing Likud coalition holding at best only a razor-thin majority in parliament.

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[] In addition, some leaders of the movement who made their reputations in the Labor Party or small liberal groups have still not recovered from the shock of Labor's election rout and seem psychologically unprepared to join hands with Likud. One former leader of a small liberal group, for example, has expressed only partial satisfaction with the Democratic Movement's election showing, emphasizing his dismay at its inability to make inroads into Likud strongholds and prevent a turn to the right.

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[] Yadin and others have interpreted Likud leader Begin's failure to consult with them before offering Moshe Dayan the foreign ministry portfolio as evidence that Begin may seek to dominate a future coalition in the same autocratic manner with which he has controlled Likud.

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[] Yadin has also expressed concern that his movement's flexibility on negotiations with the Arabs would be given scant consideration should the new government's most important posts

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be held by hardliners like Dayan, Begin, and Ezer Weizman, Begin's nominee for defense minister. Having served on the commission that investigated Israel's failure to anticipate the 1973 Arab attack--when Dayan was defense minister--Yadin views the possibility of Dayan's return to high office with particular misgivings.

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[redacted] Yadin and other leaders of the Democratic Movement believe that Begin's inability to secure a comfortable working majority in parliament without the movement gives them an advantage in their coalition bargaining and strengthens Yadin's demand that he be given the foreign ministry. Leaders of the movement believe it could occupy an even more pivotal position if it does well in the Labor Federation election on June 21 and Likud proves unable to win a dominant victory.

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[redacted] In that case, Likud would be unable to gain control of the federation's executive bodies without allying with the Democratic Movement. Almost all Israeli workers are members of the federation, which is the country's prime bargaining agency with the government over wage agreements, working conditions, and most other economic matters. [redacted]

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Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

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WEST GERMANY: Economic Measures

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[redacted] The West German government has decided to continue a series of economic measures aimed at increasing construction and overall employment. The continuation may take some political heat off the government but probably will not have a significant economic impact.

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[redacted] Chancellor Schmidt's coalition government has been under considerable pressure to take a more active role in dealing with the country's disappointing economic growth and continuing high unemployment. Differences between conservative Economics Minister Friderichs and more activist Labor Minister Ehrenberg, however, reportedly have prevented agreement on a more dynamic program.

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[redacted] The government plans to continue, at least through 1978, its regional housing subsidy program, originally scheduled to expire at the end of this year. Bonn also plans to provide an additional \$255 million to subsidize the construction of more than 30,000 housing units during the remainder of this year in the hope of preventing a sharp decline in residential construction. Whether these housing units will actually be built remains questionable, however, as the housing market already is glutted with some 200,000 vacant units that are too expensive to be sold or rented.

25X1

9
Approved For Release 2007/02/08 : CIA-RDP79T00975A030200010008-7

[] The Schmidt government has also decided to extend its labor market program for another year. Bonn plans to allocate \$208 million, in addition to the \$40 million left over from last year's program, to help unemployed workers moving to new areas to fill vacancies. The labor market program also calls for new jobs in hospitals and old-age homes to meet the demand for part-time work, and also calls for additional hiring to assist government counseling and job referral activities. []

PORTUGAL-AZORES: Violence

[] Azorean regional government leader Mota Amaral has warned islanders against continued separatist violence. He fears that Portugal's central government, dominated by a rival political party, might intervene militarily. Mota Amaral's warning will probably reduce the chances of separatist disturbances, which have been expected next week.

[] Emotions continue to run high in the Azores following the clash last month between Azorean separatists and police over the display of the regional flag. In a televised address on Wednesday, Mota Amaral tried to discourage any possible separatist violence on Monday, the anniversary of the first major independence demonstration in 1975, or later in the week during the celebration of Portuguese National Day.

[] Mota Amaral warned islanders to avoid public demonstrations since he feared that some in Lisbon are looking for an excuse for military intervention. He commands significant respect from islanders and from the rightwing Azorean Liberation Front, and his warning will probably carry a good deal of weight.

[] The leader of the Azorean Liberation Front told the US consul in the Azores last week that his organization is planning only a religious ceremony for Monday to honor the defenders of Azorean independence and autonomy. He said the front does not want a confrontation with the security forces, which will probably be prepared to respond quickly to any provocations. He did say, however, that the separatists will continue to use violence as they see fit to press their cause.

25X1 [] The Azorean issue has further soured relations between Portugal's two largest political parties--the Socialists, who control the mainland government, and the centrist Social Democrats, who dominate the Azorean regional government. The Social Democrats cite the lackluster record of the Socialist minority government in Lisbon and protest the Socialists' refusal to consult with other parties. Socialist leaders make similar allegations about the Social Democrats in the Azores and would like to change the regional government.

25X1 [] In his address Wednesday, Mota Amaral reminded his critics that the regional government can be dismissed only by a vote of censure in the regional assembly, a body controlled by the Social Democrats. He denied that his government sympathizes with the separatist cause and reaffirmed its acceptance of autonomy under the present rules. He did, however, hold out the possibility of a future expansion of regional responsibilities.

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USSR-NORWAY: Fishing Dispute

25X1 [] *The USSR extended its control over fishing in the Barents Sea to 200 miles on May 25, describing the step as a "temporary" measure to preserve living resources and to regulate fishing in the region of the Soviet Barents Sea coast. Moscow had exempted this area when it established its 200-mile fishing zone on March 1, but it may have decided on the extension because of concern over losses in fish catches elsewhere resulting from the 200-mile limits imposed by other countries.*

25X1 [] The extension focuses attention on the USSR's three-year-old dispute with Norway over a demarcation line in the Barents Sea. The Soviets demand a sector line running from the border on shore to the North Pole. The Norwegians insist on a median line zigzagging between each country's off-shore islands.

25X1 [] The area in dispute covers some 60,000 square kilometers, some falling within the new 200-mile limit. It is not clear whether the Soviets intend to enforce fishing regulations unilaterally in any portion of the disputed area.

25X1 [] The US embassy in Oslo reported in April that Norwegian Minister without portfolio Evensen, Norway's chief Barents Sea

25X1

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negotiator, was worried about the resumption of talks, now scheduled for June 13. Norway hopes that a compromise can be worked out, possibly by some kind of joint administration. One of the proposed areas of joint administration, however, may impinge on Soviet strategic interests because of its proximity to a sensitive Soviet military facility at Murmansk.

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Meanwhile, Norway announced yesterday that it will establish a 200-mile fishing zone around the Svalbard Archipelago effective June 15. The new measure reportedly is aimed at preserving Arctic cod and other fish species. The timing of the announcement, however, suggests that Oslo wants to go to its scheduled meeting with Moscow with its own bargaining point.

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USSR-JAPAN: Fishing Dispute

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The USSR reportedly has set a limit of 700,000 tons of fish and marine products that can be taken by the Japanese in the Soviet 200-mile fishing zone. This represents a cut of more than one half in the quantity taken in the same waters by the Japanese in 1976 but still compares favorably with the 400 tons the Soviets took out of Japanese waters last year, indicating that Moscow backed away from its initial demand for balanced quotas. Furthermore, 245,000 tons of this were taken by the Japanese with Soviet permission in March of this year, leaving a total of 455,000 tons to be taken during the rest of this year.

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Moscow also cut the number of Japanese fishing boats that will be allowed in Soviet waters by about 15 percent, from 7,400 to 6,335. Even so, fishing in the Soviet zone may become unprofitable for some Japanese boats because of sharply reduced quotas.

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The Japanese government has already foreseen the possible hardship the fishing industry may suffer and plans to create a special corporation that would make emergency loans to affected owners. The government has taken no action to stabilize soaring fish prices, however, because Agricultural-Forestry Minister Suzuki sees the situation as the result of speculation.

25X1

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25X1 [redacted] The average price of fish in Tokyo in March was over 25 percent higher than a year ago and increased another 4 percent in April. One of Japan's newspapers reported a "secret fish warehouse" in Kofu, where salmon was reportedly stockpiled until prices rose high enough to satisfy speculators. The population generally supports the government because of the hard line taken by the USSR during fishing negotiations. [redacted] 25X1

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ROMANIA: Ideological Program

25X1 [redacted] *The new, three-year "program on ideological cooperation" agreed upon this week between the Romanian and Soviet parties is the first such agreement Romania has signed with any other Warsaw Pact country. The document capped the three-day visit of Soviet party secretary Zimyanin to Bucharest.*

25X1 [redacted] Zimyanin met with Romanian President Ceausescu for talks on "diversifying" and "expanding" cooperation between the two parties. The Soviet also saw Cornel Burtica, the Romanian party's ideological watchdog, and Stefan Andrei, party secretary for foreign relations. A Romanian announcement described all these meetings in unusually warm terms.

25X1 [redacted] Romania refused to sign ideological accords with the USSR the other East European states in 1972 and 1973, when Moscow was promoting such agreements. No texts were ever published, but Moscow's agreements with the other East European countries presumably provide for periodic consultations and meetings between party leaders concerned with ideological matters. Ceausescu evidently feared that such commitments would detract from Romania's aspirations to a nonaligned and independent image.

25X1 [redacted] There is no indication that the new Romanian-Soviet arrangement commits Bucharest to "coordinate" with Moscow positions on ideological issues. Neither side has referred to the document as an "agreement," suggesting either that a prior accord had already been concluded or that the Romanians want to keep the arrangement as informal as possible.

25X1 [redacted] In any event, the new plan is another step toward closer Soviet-Romanian relations. General Secretary Brezhnev pressed for closer party ties when he was in Bucharest last November. [redacted]

25X1

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